

INFORMATION SHEET

ANNUITY REDUCTIONS & WITHHOLDINGS

(CSRS & FERS)

Fax-Back #261

Civilian Service Retirement System - CSRS

The annuity reductions are applied in the following order:

1. Age Reduction

- Retirement before age 55.

2. Deposit Reduction

- Unpaid deposit(s) for nondeduction service performed prior to October 1, 1982. The basic annuity is reduced by 10% of the unpaid deposit amount (deposit includes interest).

3. Survivor Reductions

- Reduction for survivor annuity, because of a voluntary election, court order, or operation of law; and/or
- Reduction to provide a survivor annuity to a person with an insurable interest.

4. Redeposit Reduction

- Unpaid redeposit service that ended before October 1, 1990. (actuarial reduction)

5. Alternative Annuity Reduction

- May only elect if not expected to live beyond 2 years.

6. Federal Tax

- Based on status as employee.
- May change status with OPM via website.

7. State Tax (Optional)

- Contact the Office of Personnel Management (OPM).

8. FEHB Premiums

- Retirees pay the same amount as employees pay (monthly rate).

9. FEGLI Premiums

- Retirees pay the same amount as employees pay until age 65.

10. Medicare Part B Premiums (Optional)

- You do not become eligible for Medicare until age 65.
- If receiving Social Security, premium withheld from Social Security benefit.

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ANNUITY REDUCTIONS & WITHHOLDINGS

CSRS & FERS

Fax-Back #261

Federal Employees Retirement System - FERS

The annuity reductions are applied in the following order:

1. Age Reduction:

- MRA +10.

2. Deposit Reduction:

- Unpaid deposit(s) for nondeduction service performed prior to October 1, 1982. The basic annuity is reduced by 10% of the unpaid deposit amount (deposit includes interest). *Reduction applies only if you have a CSRS Component.*

3. Survivor Reductions:

- Reduction for survivor annuity, because of a voluntary election, court order, or operation of law; and/or
- Reduction to provide a survivor annuity to a person with an insurable interest.

4. Redeposit Reduction:

- Unpaid redeposit service that ended before October 1, 1990 (actuarial reduction). *This applies only if you have a CSRS Component.*

5. Alternative Annuity Reduction:

- May only elect if not expected to live beyond 2 years.

6. Federal Tax

- Based on the rate as an employee.
- May change rate with OPM via website.

7. State Tax (Optional)

- Contact the Office of Personnel Management (OPM).

8. FEHB Premiums

- Retirees pay the same amount as employees pay (monthly rate).

9. FEGLI Premiums

- Retirees pay the same amount as employees pay until age 65 (monthly rate).

10. Medicare Part B Premiums (Optional)

- You do not become eligible for Medicare until age 65.
- If receiving Social Security, premium withheld from Social Security benefit.